

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 13, 2005

INCUMBENT CONTROL

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PETITION OF

SPRINT NEXTEL CORPORATION

and

CASE NO. PUC-2005-00118

LTD HOLDING COMPANY

For approval of the transfer of control of Central Telephone Company of Virginia, United Telephone-Southeast, Inc., and Sprint Payphone Services of Virginia, Inc., from Sprint Nextel Corporation to LTD Holding Company

ORDER FOR NOTICE, COMMENTS, AND REQUESTS FOR HEARING

On August 31, 2005, Sprint Nextel Corporation ("Sprint") filed a Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) (the "Utility Transfers Act") for the transfer of control of Central Telephone Company of Virginia ("Centel Virginia") and United Telephone Company-Southeast, Inc. ("United Virginia"), from Sprint to LTD Holding Company ("LTD") (Sprint and LTD will hereinafter be referred to as "Petitioners"¹).

Centel Virginia and United Virginia are wholly owned subsidiaries of Sprint that are certificated by the Commission and provide telecommunications services in the Commonwealth as Incumbent Local Exchange Carriers ("ILECs"). Sprint plans to separate its wireline local service operations, including Centel Virginia and United Virginia, into an independent stand-alone operation. LTD Holding Company, a Delaware corporation, was created to become the

¹ Sprint Payphone Services, Inc. ("SPSI"), is listed by Petitioners as an entity whose control is being transferred to LTD. SPSI is not certificated by the Commission and is not subject to the Utility Transfers Act.

ultimate corporate parent of Centel Virginia and United Virginia, along with Sprint Payphone Services Inc., and LTD Long Distance (a reseller of Sprint long distance telecommunications services).

Petitioners assert that United Virginia and Centel Virginia, as well as the other companies affiliated under LTD Holding Company, will continue to have the required managerial, technical, and financial capability to provide service. Petitioners cite the changing telecommunications industry and Sprint's increasing focus on wireless telecommunications services as support for separation of the wireline services provided by Centel Virginia and United Virginia. Petitioners also assert the transfer of control is in the public interest.

Upon completion of the transfer of control, Centel Virginia and United Virginia will remain certificated ILECs regulated by the Commission and will continue to provide telecommunications services subject to the same rules, regulations, and applicable tariffs as at present. Petitioners assert that Transition Services Agreements will be used to allow Centel Virginia, United Virginia, and LTD to continue to receive needed services from Sprint and its affiliates during a period of transition.

Petitioners also state that all equipment, buildings, systems, software licenses, and other assets owned by Centel Virginia and United Virginia will remain assets of Centel Virginia and United Virginia. Assets held by any other Sprint entity and jointly used by Centel Virginia and United Virginia and one or more other Sprint entities are in the process of being reviewed to determine what shared assets should be transferred to LTD or one of its subsidiaries.

On September 19, 2005, a Memorandum of Completeness/Incompleteness was filed. The Staff determined that the Petition was incomplete. The cited basis for the determination of incompleteness was the failure of the Petitioners to include the verified signatures of a secretary

or assistant secretary of LTD and the verified signatures for the president or vice president and secretary or assistant secretary for United Virginia and Centel Virginia.

On September 26, 2005, the Petitioners filed the verified signatures for each of the officers listed on the Memorandum of Completeness/Incompleteness. Petitioners also asserted with this filing that August 31, 2005, should be deemed the date of completion, given the date the Memorandum of Completeness/Incompleteness was filed.

The Staff filed a response on September 30, 2005, asserting that Commission Rule 20 VAC 5-120-60 could not be read so as to allow the Commission to treat the Petition as being complete before the statutory requirements for such a petition are met. Section 56-90 of the Code of Virginia requires the filing of officer signatures by the Petitioners. As set forth in the memorandum, the Petitioners failed to file the signature of LTD's secretary with the initial Petition. No officer signatures for United Virginia or Centel Virginia were initially filed. Accordingly, the Staff asserted that September 26, 2005, is the date the Petition is to be deemed complete.

On October 7, 2005, Sprint filed a reply asserting the Petition was complete when filed on August 31, 2005. Sprint asserts that it is the Petitioner in this proceeding and the required signatures of Sprint officers were filed with the Petition. Sprint argues that the officer signatures for United Virginia and Centel Virginia are not required for the matter to be complete under § 56-90 of the Code of Virginia.

NOW THE COMMISSION, having considered the matter and applicable law, is of the opinion and finds that public notice should be given, that interested persons should be provided with an opportunity to comment and request a hearing, and that the Commission Staff should file a Report detailing the results of its review of the Petition.

Under § 56-88.1 of the Code of Virginia, the Commission must approve or disapprove this Petition no later than sixty (60) days from the filing date, unless extended by the Commission. We find that our review period to approve or disapprove the Petition should be extended an additional sixty (60) days. We expect to rule on the Petition expeditiously, but we find that additional time is necessary to review the transaction, to provide public notice, and to afford interested persons an opportunity to file comments or request a hearing. We find that September 26, 2005, is the date from which the statutory time period shall run. Section 56-88.1 of the Code of Virginia provides that any company disposing of or acquiring control of a public utility must have approval from the Commission. "Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90." Va. Code Ann. § 56-88.1. LTD, as the proposed company acquiring control of United Virginia and Centel Virginia, must obtain prior approval from the Commission. We therefore deem LTD to be a Joint Petitioner in this Proceeding. The verified signature of LTD's secretary required under § 56-90 of the Code was filed with the Commission on September 26, 2005. Therefore, the Petition is deemed complete as of September 26, 2005.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition be docketed as Case No. PUC-2005-00118.
- (2) The review period for this docket be extended for an additional sixty (60) days, through January 24, 2006, pursuant to § 56-88.1 of the Code of Virginia.
- (3) The Petitioners shall promptly make a copy of the Petition available to the public, who may obtain a copy of the Petition, at no charge, by requesting it in writing from the Petitioners' counsel at the addresses detailed below.

(4) On or before November 23, 2005, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Comments shall refer to Case No. PUC-2005-00118. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Comments may pertain to any issues associated with the merger described herein.

(5) On or before November 3, 2005, interested persons may request that the Commission convene a hearing concerning the Petition by filing a request for a hearing with the Clerk of the Commission at the address set forth above. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

(6) If requests for hearing are filed pursuant to Ordering Paragraph (5) above, the Petitioners may file an original and fifteen (15) copies of any response to the requests on or before November 10, 2005.

(7) Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth above, on or before November 23, 2005, an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall, on or before November 23, 2005, serve a copy of the notice of intent to participate on counsel for the Petitioners at the addresses set forth below. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific

actions sought to the extent then known; and (iii) the factual and legal basis for the action.

Interested parties shall refer in all of their filed papers to Case No. PUC-2005-00118.

(8) A copy of any written comments or requests for hearing shall simultaneously be sent to counsel for the Petitioners, Craig D. Dingwall, Esquire, Director State Regulatory, Sprint Nextel Corporation, 401 9th Street, N.W., Suite 400, Washington, D.C. 20004; and Suzanne Toller, Esquire, Davis Wright Tremaine LLP, One Embarcadero Center, San Francisco, California 94111-3611.

(9) On or before December 23, 2005, the Commission Staff shall review the Petition and file a Report detailing the results of its investigation.

(10) The Petitioners shall respond to written interrogatories within ten (10) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(11) On or before October 27, 2005, the Petitioners shall publish the following notice as display advertising, not classified, throughout the Petitioners' service territory:

NOTICE TO THE PUBLIC OF A PETITION OF SPRINT
NEXTEL CORPORATION AND LTD HOLDING COMPANY
FOR APPROVAL OF TRANSFER OF CONTROL
CASE NO. PUC-2005-00118

On August 31, 2005, as supplemented on September 26, 2005, Sprint Nextel Corporation ("Sprint") filed a Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) (the "Utility Transfers Act") for the transfer of control of Central Telephone Company of Virginia ("Centel Virginia"), United Telephone Company-Southeast, Inc. ("United Virginia"), from Sprint to LTD Holding Company ("LTD") (Sprint and LTD will hereinafter be referred to as "Petitioners").

Centel Virginia and United Virginia are wholly owned subsidiaries of Sprint that are certificated by the Commission and provide telecommunications services in the Commonwealth as

Incumbent Local Exchange Carriers ("ILECs"). Sprint plans to separate its wireline local service operations, including Centel Virginia and United Virginia, into an independent stand-alone operation. LTD Holding Company, a Delaware corporation, was created to become the ultimate corporate parent of Centel Virginia and United Virginia, along with Sprint Payphone Services, Inc., and LTD Long Distance (a reseller of Sprint long distance telecommunications services).

Petitioners assert that United Virginia and Centel Virginia, as well as the other companies affiliated under LTD Holding Company, will continue to have the required managerial, technical, and financial capability to provide service. Petitioners cite the changing telecommunications industry and Sprint's increasing focus on wireless telecommunications services as support for separation of the wireline services provided by Centel Virginia and United Virginia. Petitioners also assert the transfer of control is in the public interest.

Upon completion of the transfer of control, Centel Virginia and United Virginia will remain certificated ILECs regulated by the Commission and will continue to provide telecommunications services subject to the same rules, regulations, and applicable tariffs as at present. Petitioners assert that Transition Services Agreements will be used to allow Centel Virginia, United Virginia, and LTD to continue to receive needed services from Sprint and its affiliates during a period of transition.

Petitioners also state that all equipment, buildings, systems, software licenses, and other assets owned by Centel Virginia and United Virginia will remain assets of Centel Virginia and United Virginia. Assets held by any other Sprint entity and jointly used by Centel Virginia and United Virginia and one or more other Sprint entities are in the process of being reviewed to determine what shared assets should be transferred to LTD or one of its subsidiaries.

Copies of the Petition are available for inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia. Copies may also be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>, or may be obtained from the Petitioners' counsel, Craig D. Dingwall, Esquire, Director State Regulatory, Sprint Nextel Corporation, 401 9th Street, N.W., Suite 400, Washington, D.C. 20004; or Suzanne

Toller, Esquire, Davis Wright Tremaine LLP, One Embarcadero Center, San Francisco, California 94111-3611.

On or before November 23, 2005, any person desiring to comment on the Petition may do so by filing such comments with the Clerk of the Commission at the address set forth below. A copy of the written comments shall be simultaneously served on Petitioners' counsel at the addresses set forth above. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Any person may request a hearing on the Petition by filing a request for a hearing on or before November 3, 2005, with the Clerk of the Commission at the address set forth below. Requests must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. Requests for a hearing shall be simultaneously served on Petitioners' counsel at the addresses set forth above.

Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth below, on or before November 23, 2005, an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall, on or before November 23, 2005, serve a copy of the notice of intent to participate on counsel for the Petitioners at the address set forth above. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific actions sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUC-2005-00118.

All written communications to the Commission concerning the Petition should be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUC-2005-00118.

SPRINT NEXTEL CORPORATION
AND
LTD HOLDING COMPANY

(12) The Petitioners shall forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or equivalent officials in counties, towns, and cities having alternate forms of government located in the Petitioners' service territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(13) On or before November 9, 2005, the Petitioners shall provide the Commission with proof of notice required by Ordering Paragraphs (11) and (12).

(14) On or before January 6, 2006, the Petitioners may file with the Clerk of the Commission an original and fifteen (15) copies of any response to the Commission Staff Report or to the comments filed with the Commission.

(15) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding.

(15) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Craig D. Dingwall, Director State Regulatory, Sprint Nextel Corporation, 401 9th Street, N.W., Suite 400, Washington, D.C. 20004; Suzanne Toller, Esquire, Davis Wright Tremaine LLP, One Embarcadero Center, San Francisco, California 94111-3611; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Communications, Public Utility Accounting, Public Service Taxation, and Economics and Finance.